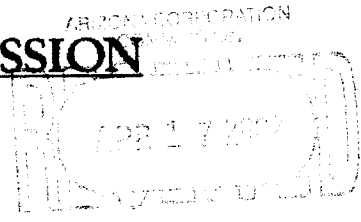


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

H

W-02197A
HUMBOLDT WATER SYSTEMS, INC.
P. O. BOX 20939
SEDONA AZ 86341-

ANNUAL REPORT

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2001 |
|----|----|------|

FOR COMMISSION USE

| | |
|-------|----|
| ANN04 | 01 |
|-------|----|

Processed by:

4-19-02 cm

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Humboldt Water Systems Inc.

Mailing Address PO Box 20939

Sedona

(Street)

Az

(State)

86341

(Zip)

928-284-1719

Telephone No. (Include Area Code)

928-284-1719

Fax No. (Include Area Code)

928-301-3723

Pager/Cell No. (Include Area Code)

Email Address kyllo@sedona.net

Local Office Mailing Address same

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Tim Kylo

(Name)

Pres

(Title)

PO Box 20939

(Street)

Sedona

(City)

AZ

(State)

86341

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Same

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Statutory Agent: Timothy L. Kylo

(Name)

PO Box 20939

Sedona

AZ

86341

(Street)

(City)

(State)

(Zip)

928-284-1719

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Raoul Jacques

(Name)

40 E Virginia

Phoenix

AZ

85004

(Street)

(City)

(State)

(Zip)

602-263-5771

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|----------------------|--|-------------------------------|--|----------------------------------|
| 301 | Organization | 2,378 | 476 | 1,902 |
| 302 | Franchises | | | |
| 303 | Land and Land Rights (Staff adjustment) * | | (16,970) | |
| 304 | Structures and Improvements | 1,671 | 1,671 | 0 |
| 307 | Wells and Springs | 14,158 | 14,158 | 0 |
| 311 | Pumping Equipment | 42,841 | 32,763 | 10,078 |
| 320 | Water Treatment Equipment | 2,087 | 2,087 | 0 |
| 330 | Distribution Reservoirs and Standpipes | 47,943 | 24,723 | 23,220 |
| 331 | Transmission and Distribution Mains | 96,937 | 65,915 | 31,022 |
| 333 | Services | 33,671 | 16,710 | 16,961 |
| 334 | Meters and Meter Installations | 25,118 | 17,206 | 7,912 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | 1,048 | 1,048 | 0 |
| 341 | Transportation Equipment | 4,936 | 4,936 | 0 |
| 343 | Tools, Shop and Garage Equipment | 2,144 | 2,144 | 0 |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | 3,115 | 3,115 | 0 |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | 2,100 | 2,100 | 0 |
| | TOTALS | 280,147 | 172,082 | 91,095 |

This amount goes on the Balance Sheet Acct. No. 108 

*** Staff adjustment on last rate case**

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|--------------|--|----------------------|-----------------------------------|----------------------------------|
| 301 | Organization | 2,378 | 5% | 119 |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | | | |
| 304 | Structures and Improvements | 1,671 | | |
| 307 | Wells and Springs | 14,158 | | 618 |
| 311 | Pumping Equipment | 42,841 | | 2,142 |
| 320 | Water Treatment Equipment | 2,087 | | 0 |
| 330 | Distribution Reservoirs and Standpipes | 47,943 | | 2,397 |
| 331 | Transmission and Distribution Mains | 96,937 | | 4,847 |
| 333 | Services | 33,671 | | 1,684 |
| 334 | Meters and Meter Installations | 25,118 | | 1,256 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | 1,048 | | |
| 341 | Transportation Equipment | 4,936 | | |
| 343 | Tools, Shop and Garage Equipment | 2,144 | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | 3,115 | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | 2,100 | | |
| | TOTALS | 280,147 | | 13,063 |

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

BALANCE SHEET

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | ASSETS | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 1,797 | \$ 1,371 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | | |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | | |
| 162 | Prepayments | | |
| 174 | Miscellaneous Current and Accrued Assets | | |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 1,797 | \$ 1,371 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 272,130 | \$ 280,147 |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | | |
| 108 | Accumulated Depreciation – Utility Plant | 174,695 | 172,082 |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation – Non Utility | | |
| | TOTAL FIXED ASSETS | \$ 97,435 | \$ 108,065 |
| | TOTAL ASSETS | \$ 99,232 | \$ 109,436 |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|--------------|---|------------------------------------|------------------------------|
| | LIABILITIES | | |
| | CURRENT LIABILITIES | | |
| 231 | Accounts Payable | \$ | \$ |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | | |
| 235 | Customer Deposits | 13,827 | 12,437 |
| 236 | Accrued Taxes | | |
| 237 | Accrued Interest | | |
| 241 | Miscellaneous Current and Accrued Liabilities | | |
| | TOTAL CURRENT LIABILITIES | \$ 13,827 | \$ 12,437 |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$ 37,642 | \$ 35,783 |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$ | \$ |
| 252 | Advances in Aid of Construction | 30,311 | 26,887 |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | | |
| 272 | Less: Amortization of Contributions | | |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$ 30,311 | \$ 26,887 |
| | TOTAL LIABILITIES | \$ 81,780 | \$ 75,107 |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ 2,013 | \$ 2,013 |
| 211 | Paid in Capital in Excess of Par Value | | |
| 215 | Retained Earnings | (19,616) | (20136) |
| 218 | Proprietary Capital (Sole Props and Partnerships) | | |
| | TOTAL CAPITAL | \$ 34,422 | \$ 34,328 |
| | TOTAL LIABILITIES AND CAPITAL | \$ 116,202 | \$ 109,436 |

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|----------------------|---|-------------------|---------------------|
| 461 | Metered Water Revenue | \$ 96,748 | \$ 102,148 |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | 895 | 571 |
| | TOTAL REVENUES | \$ 97,643 | \$ 102,719 |
| | | | |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$ | \$ |
| 610 | Purchased Water | | |
| 615 | Purchased Power | 6,926 | 8,740 |
| 618 | Chemicals | 2,400 | 2,400 |
| 620 | Repairs and Maintenance | 6,200 | 14,750 |
| 621 | Office Supplies and Expense | 1,350 | 914 |
| 630 | Outside Services | 49,500 | 51,700 |
| 635 | Water Testing | 1,650 | 1,450 |
| 641 | Rents | | |
| 650 | Transportation Expenses | | |
| 657 | Insurance - General Liability | 1,800 | 1,800 |
| 659 | Insurance - Health and Life | | |
| 666 | Regulatory Commission Expense - Rate Case | | |
| 675 | Miscellaneous Expense | 1,200 | 1,200 |
| 403 | Depreciation Expense | 12,816 | 13,063 |
| 408 | Taxes Other Than Income | | |
| 408.11 | Property Taxes | 3,585 | 4,079 |
| 409 | Income Tax | | |
| | TOTAL OPERATING EXPENSES | \$ 89,725 | \$ 100,096 |
| | | | |
| | OTHER INCOME/EXPENSE | | |
| 419 | Interest and Dividend Income | \$ | \$ |
| 421 | Non Utility Income | | |
| 426 | Miscellaneous Non-Utility Expenses | | |
| 427 | Interest Expense | 2,298 | 2,196 |
| | TOTAL OTHER INCOME/EXP | \$ (2,298) | \$ (2,196) |
| | | | |
| | NET INCOME/(LOSS) | \$ 7,918 | \$ (427) |

COMPANY NAME *Humboldt Water Systems, Inc.*

SUPPLEMENTAL FINANCIAL DATA

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|-----------|---------|---------|---------|
| Date Issued | 01/09/99 | | | |
| Source of Loan | WIFA | | | |
| ACC Decision No. | 61529 | | | |
| Reason for Loan | imp | | | |
| Dollar Amount Issued | \$ 39,500 | \$ | \$ | \$ |
| Amount Outstanding | \$ 35,784 | \$ | \$ | \$ |
| Date of Maturity | 12/31/19 | | | |
| Interest Rate | 5.81 % | | | |
| Current Year Interest | \$ 2,196 | \$ | \$ | \$ |
| Current Year Principle | \$ 1,858 | \$ | \$ | \$ |

| | |
|--|------------------|
| Meter Deposit Balance at Test Year End | <u>\$ 16,827</u> |
|--|------------------|

| | |
|--|--------|
| Meter Deposits Refunded During the Test Year | \$ 880 |
|--|--------|

COMPANY NAME *Humboldt Water Systems, Inc.*

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number | Pump Horsepower | Pump Yield (Gpm) | Casing Size (inches) | Meter Size (inches) |
|----------------|--------------------|---------------------|-------------------------|------------------------|
| 623784 | 5 | 40 | 6 | 1 1/2 |
| 533639 | 10 | 150 | 8 | 3 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---------------------|-------------------|---|
| <i>n/a</i> | | |
| | | |

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = _____

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 10 | 2 | <i>n/a</i> | |
| | | | |
| | | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|---------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 65,000 | 1 | <i>n/a</i> | |
| 10,000 | 1 | | |
| 5,000 | 1 | | |
| | | | |

STATISTICAL INFORMATION

| | | |
|------------------------------|-------------------|---------|
| Total number of customers | <u>283</u> | |
| Total number of gallons sold | <u>20,657,000</u> | gallons |

COMPANY NAME Humboldt Water Systems, Inc.

YEAR ENDING 12/31/2001

INCOME TAXES

For this reporting period, provide the following:

| | <u>S- Corp</u> | <u>n/a</u> |
|---|-----------------------|-------------------|
| Federal Taxable Income Reported | _____ | _____ |
| Estimated or Actual Federal Tax Liability | _____ | _____ |

| | |
|---|-------|
| State Taxable Income Reported | _____ |
| Estimated or Actual State Tax Liability | _____ |

Amount of Grossed-Up Contributions/Advances:

| | |
|---|-------|
| Amount of Contributions/Advances | _____ |
| Amount of Gross-Up Tax Collected | _____ |
| Total Grossed-Up Contributions/Advances | _____ |

Decision No. 55774 states, in part, that the utility will refund any excess gross up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE_____
DATE_____
PRINTED NAME_____
TITLE

COMPANY NAME Humboldt Water Systems, Inc.

YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

\$ 4,079

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

| | |
|--------------------------------|-------------------------------------|
| COUNTY OF (COUNTY NAME) | <u>Yavapai</u> |
| NAME (OWNER OR OFFICIAL) TITLE | <u>Timothy L. Kylo Pres.</u> |
| COMPANY NAME | <u>Humboldt Water Systems, Inc.</u> |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-----------|-----------|-------------|
| MONTH | DAY | YEAR |
| <u>12</u> | <u>31</u> | <u>2001</u> |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 108,986

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 6,767
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL.)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15

DAY OF

(SEAL)

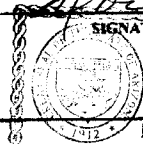
MY COMMISSION EXPIRES

Nov 11, 2005

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

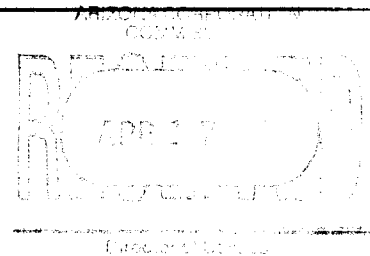
| | |
|-------------|----------------|
| COUNTY NAME | <u>YAVAPAI</u> |
| MONTH | <u>April</u> |
| | <u>2002</u> |



SIGNATURE OF NOTARY PUBLIC
DOROTHY R. GETZ
NOTARY PUBLIC - ARIZONA
YAVAPAI COUNTY

My Comm. Expires Nov. 11 2005

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | |
|--|--------------------------|
| (COUNTY NAME) <i>Yavapai</i> | |
| NAME (OWNER OR OFFICIAL) <i>Timothy L. Kylo</i> | TITLE <i>Pres</i> |
| COMPANY NAME <i>Humboldt Water Systems, Inc</i> | |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|--------------|------------|-------------|
| MONTH | DAY | YEAR |
| <i>12</i> | <i>31</i> | <i>2001</i> |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

| |
|--|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES |
| \$ <i>97,543</i> |

**(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ *5782*
IN SALES TAXES BILLED, OR COLLECTED**

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

[Signature]
SIGNATURE OF OWNER OR OFFICIAL

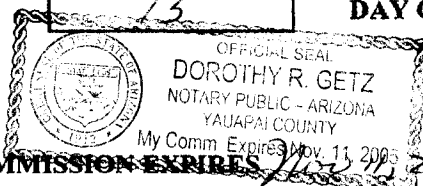
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS *15* **DAY OF**

(SEAL)

MY COMMISSION EXPIRES *Nov 11 2003*



| | |
|---|-------------|
| NOTARY PUBLIC NAME <i>Dorothy R. Getz</i> | |
| COUNTY NAME <i>YAVAPAI</i> | |
| MONTH <i>April</i> | 2002 |

[Signature]
SIGNATURE OF NOTARY PUBLIC

2001 7/2 B# 1028426 91-2-279 1221 03076692 1588

HUMBOLDT WATER SYSTEMS, INC.
P.O. BOX 20939
SEDONA, AZ 86341

DATE 10-5-01

PAY TO THE ORDER OF Yavapai County Treasurer \$ 2039.76

Two Thousand Thirty Nine & 76/100 DOLLARS

BANK ONE.
Bank One, Arizona, NA
Village of Oak Creek Office (279)
Sedona, Arizona

MEMO Roll #

2001 10/15 July 130561 + 130562

122100024158803076692 0000203976

2001 7/2 912-82-24019

HUMBOLDT WATER SYSTEMS, INC.
P.O. BOX 20939
SEDONA, AZ 86341

DATE 11-12-01

PAY TO THE ORDER OF Yavapai County Treasurer \$ 2,039.76

Two Thousand Thirty Nine & 76/100 DOLLARS

B# 1047479

MEMO Roll #

2001 10/15 July 130561 + 130562

122100024158803076692 0000203976